

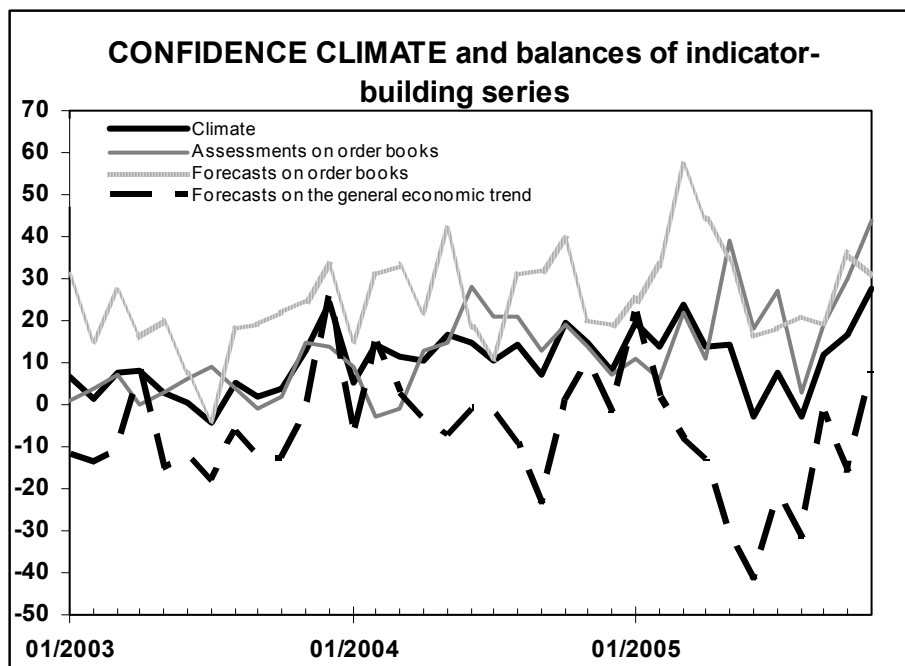


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NOVEMBER CONFIDENCE GROWS AGAIN IN THE MARKET SERVICE SECTOR

- The raw index rises from 17 in October to 28 in November, thanks to improved assessments on order books and to rosier expectations on the country's general economic situation. The comparison with the November 2004 figure – needing no seasonal adjustment – points to a confidence improvement on a y/y basis (the indicator was worth 15)
- Among non confidence-building variables, favourable signals come from employment assessments and expectations, while forecasts on order book and turnover are more cautious; moreover entrepreneurs signal their intentions to reduce selling prices
- The confidence growth is common to all sectors. The index rises from 17 to 27 in households services and from 17 to 28 in business services: both results are in keeping with the signals of the ISAE Surveys on Consumers and Manufacturing Firms. Confidence also rises in financial services, passing from 4 to 30; in November 2004 the confidence climates in households, financial and business services were worth 16, 5 and 14 respectively
- Breaking up data by geographical partitions, some discrepancies emerge: confidence grows in the North-west (from 8 to 21) and in the Centre (from 16 to 37), while it decreases in the North-east (from 31 to 20) and in the South (from 50 to 31), owing to negative expectations on order books



Data on December shall be diffused on January 3, 2006

Next ISAE Surveys are scheduled as follows:

December 1, 2005: Comparative Business Surveys for Italy, Germany and France (Reference month: November)

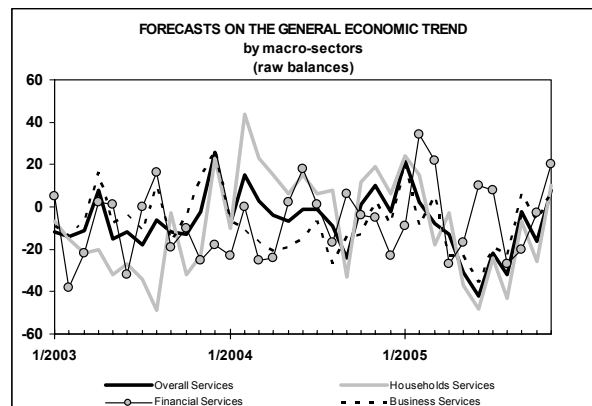
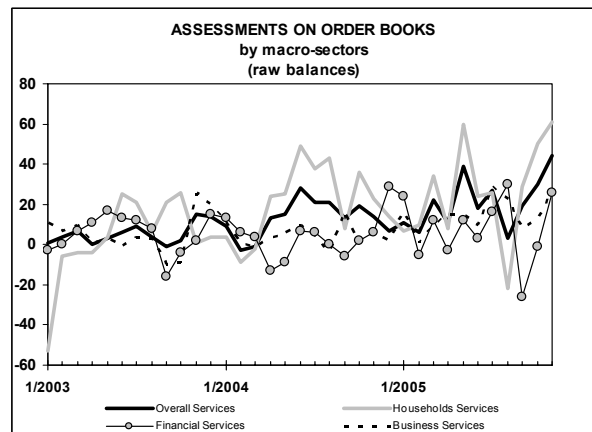
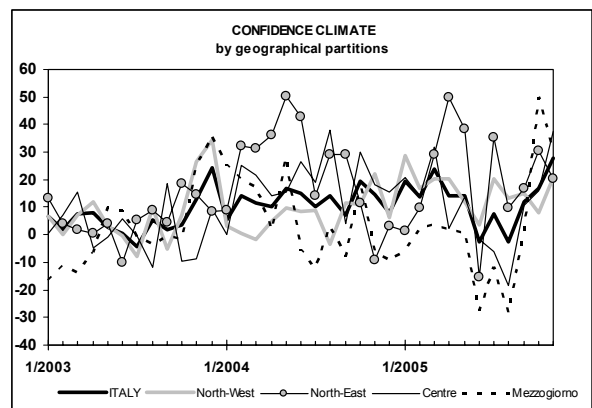
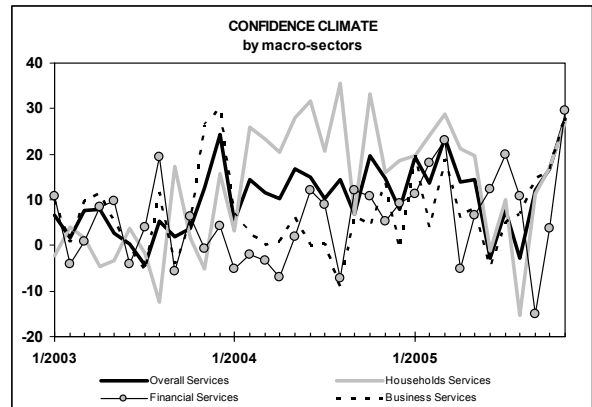
The full text of ISAE Surveys (either hardcopy or electronic) is available on sale (for further information see web site www.isae.it)

General results

According to the ISAE Survey carried out between November 2 and 18 on a panel of about 2,000 firms, confidence in market services grows again in November, marking the best scores of the past three years. The raw index rises from 17 in October to 28 in November, thanks to improved assessments on order books and to rosier expectations on the country's general economic situation. The comparison with the November 2004 figure – needing no seasonal adjustment – points to a confidence improvement on a y/y basis (the indicator was worth 15).

The confidence growth is common to all sectors. The index rises from 17 to 27 in households services and from 17 to 28 in business services: both results are in keeping with the results emerged from the ISAE Surveys on Consumers and Manufacturing Firms. Confidence also rises in financial services, passing from 4 to 30. Also looking at the various sectors, the y/y comparisons confirms the confidence improvement which began in September 2005 in households services and in July 2005 in business services. Indeed, the confidence climates in households, financial and business services was worth 16, 5 and 14 respectively in November 2004.

Breaking up data by geographical partitions, some discrepancies emerge: confidence grows in the North-west (from 8 to 21) and in the Centre (from 16 to 37), while it decreases in the North-east (from 31 to 20) and in the South (from 50 to 31), owing to negative expectations on order books.



Situation in the reference period

In November, the balances referring to the current situation reach the best scores registered in 2005: indeed, the order-book balance rises from 30 to 44, the one on turnover goes from 22 to 42 and the employment one increases from 2 to 15.

Looking at single sectors, operators in households services are optimistic on all variables. The balances remarkably grow in tourism-related sectors. Conversely, the current situation is worsening in real estate. In financial services, assessments on order books and turnover improve and the employment balance is negative again. Also business service operators are optimistic on order books, turnover and employment. The current situation improvement mainly concerns software-related industries, construction and engineering.

Looking at data by geographical partition, the balances on order books, turnover and employment grow in the North-west, while entrepreneurs in the North-east are optimistic on order books and turnover and the employment balance is negative again. Operators from the Centre show a positive approach on all variables, while assessments on turnover deteriorate in the *Mezzogiorno* and the balances on order books and employment grow.

Forecasts for next quarter

ISAE respondents express cautious forecasts: indeed, the balance on order books falls from 36 to 31, while the one on turnover decreases from 42 to 32. Conversely, the balances on employment and the general economic situation rise from -5 and -16 to 0 and 8 respectively. Looking at prices, intentions to reduce selling prices emerge in November as well and the balance falls from -1 to -6.

Turning to single sectors, the balances on order books and turnover fall in households services, where the balance referring to the general economic situation is improving and the employment balance – though remaining negative – remains stable. In financial services, the balances on order books, turnover and the general economic trend grow, while the employment balance remains unchanged. Business service operators are optimistic on all variables, which is in keeping with the indications stemming from the ISAE Surveys on Manufacturing and Extractive Firms.

Looking at geographical partitions, North-western operators are more optimistic on all the surveyed variables. The balances on order books, turnover and the general economic situation fall in the North-east, while those the employment balance is improving. Operators in the Centre are optimistic on order books, employment and the general economic situation, while the turnover balance is falling. Finally, Southern balances on order books, turnover and employment worsen, while the one on the general economic situations is improving.